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Preceding NAPSNet Report

MARKTWO

I. NAPSNet

1. DPRK-US Relations

The Associated Press ("ANALYSTS HOPEFUL AFTER NORTH KOREA ADDRESS IS PLACID", 2009/01/01) reported that the DPRK refrained from issuing its usual blistering New Year's Day diatribe against the US and reaffirmed its commitment to a nuclear-free Korean Peninsula. The Jan. 1 statement, examined for clues to the regime's policies for the coming year, made no mention of President-elect Barack Obama. But analysts said the absence of anti-US rhetoric may well be the DPRK's opening overture for future talks between the leader, Kim Jong Il, and the new American president.

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2. DPRK on Nuclear Program

Yonhap News (Kim Hyun, "N. KOREA VOWS TO DENUCLEARIZE, REBUILD ECONOMY IN NEW YEAR ", Seoul, 2009/01/01) reported that the DPRK said that it will rebuild its ailing economy and aim for denuclearization in the New Year, in an apparent signal of its willingness to start afresh with the US. "The independent foreign policy of our Republic to denuclearize the Korean Peninsula and defend the peace and security of Northeast Asia and the rest of the world is demonstrating its validity more fully as the days go by," the editorial jointly issued by the DPRK's ruling party, army and youth military said.

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3. Japan-DPRK Relations

Kyodo News ("NORTH'S NUKE DISMANTLING OVER UNLESS JAPAN SENDS FUEL: DIPLOMAT", Beijing, 2008/12/29) reported that a senior DPRK diplomat warned that Pyongyang will stop dismantling its nuclear facilities unless Japan fulfills its obligation to provide the DPRK with energy assistance under a six-party deal. "Unless Japan implements the heavy fuel assistance, the activities will be suspended," the Beijing-based diplomat, who is a participant in the six-party talks, was quoted as saying by lawmaker Yoshihiro Kawakami after a meeting in the PRC capital.

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4. DPRK Defection to the ROK

The New York Times (Choe Sang-Hun, "FOUR NORTH KOREANS DEFECT TO SOUTH KOREA", 2008/12/31) reported that four North Koreans defected to the ROK by sea this week and the authorities in the ROK are questioning them, Seoul's intelligence agency said. A spokesman for the agency, who spoke on condition of anonymity, gave no further details. But Yonhap, the ROK's national news agency, reported that the defectors were a husband and wife, and their son and daughter-in-law. Yonhap, which cited no sources, said the four North Koreans were in a small wooden boat when a patrol boat from the ROK Navy picked them up Tuesday night.

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5. Inter-Korean Relations

Yonhap News ("SOUTH KOREA WANTS DIALOGUE BUT HAS NO PLAN TO SEND SPECIAL ENVOY TO N. KOREA", Seoul, 2008/12/31) reported that the ROK will help rebuild the DPRK's ailing economy if Pyongyang accepts its offer of dialogue, Seoul's unification minister said. Kim Ha-joong, however, said he had no plan to send a special envoy to Pyongyang to persuade it to resume dialogue. "Our government will continue efforts to improve inter-Korean relations and call for North Korea to respond to our position," Kim said in a press conference. "We will use as many channels as possible to deliver our position for dialogue."

Yonhap News ("S. KOREAN DEFENSE MINISTER WARNS OF POSSIBLE PROVOCATION BY N. KOREA", Seoul, 2009/01/01) reported that Defense Minister Lee Sang-hee urged his troops to bolster combat readiness for a possible conflict with the DPRK especially near the disputed inter-Korean sea border in the Yellow Sea. "Although the best way is to head off the enemy's provocation. In case of failure, however, it is your duty to end a clash in victory as fast as possible and stave off a bigger conflict," the minister stressed.

KBS News ("CIVIC GROUP TO CONTINUE DISTRIBUTING ANTI-N. KOREA LEAFLETS", 2009/12/25) reported that despite a government request, a ROK civic group said that it will resume sending anti-communist leaflets across the inter-Korean border in January. According to Yonhap News, Choi Seong-yong, head of the civic group Families of Abducted and Detained in North Korea, said that about 300,000 leaflets have been printed and are ready to be sent out early next month.

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6. US Food Aid to the DPRK

Korea Herald ("U.S. FOOD AID SOON TO ARRIVE IN N. KOREA DESPITE VISA PROBLEM: STATE DEPT.", 2008/12/31) reported that the latest batch of humanitarian food aid will arrive in the DPRK later this week despite friction over the issuance of visas for Korean-speaking U.S. staff monitoring food distribution, the State Department was quoted as saying. "The latest shipment of food aid totaling 21,000 metric tons, which was expected to arrive by the end of December, is now expected to arrive in the DPRK on January 2, due to recent rough seas," the department said in a statement.

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7. USS Pueblo Lawsuit

The Associated Press ("JUDGMENT IS ISSUED IN NORTH KOREA SUIT", 2008/12/30) reported that a federal judge has awarded more than $65 million to several men of the Navy spy ship Pueblo, who were captured and tortured by the DPRK in 1968. The judge, Henry H. Kennedy Jr. of Federal District Court, issued the judgment against the DPRK. The DPRK did not respond to the lawsuit, which accused it of kidnapping, imprisonment and torture.

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8. DPRK Leadership

Yonhap News ("N. KOREA TO PROMOTE YOUNG ECONOMIC ELITE IN 2009: REPORT", 2008/12/31) reported that the DPRK will refresh its parliament with promotions of young economic elite in 2009, laying the groundwork for the post-Kim Jong-il era, a ROK state-run think tank said. Economic pragmatism may emerge in the DPRK to replace the military-first policy, a ruling philosophy promulgated by current leader Kim Jong-il, according a latest report by the Institute for National Security Strategy, which is an arm of the National Intelligence Agency.

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9. DPRK Economy

IFES NK Brief ("KIM JONG IL: ONLY FOUR YEARS AWAY FROM PROSPEROUS, POWERFUL NATION ", 2008/12/30) reported that as Kim Jong Il continues to make on-site inspection and guidance visits, he recently emphasized focusing on the construction of a “strong prosperous powerful nation.” It is only on rare occasions that Kim specifically mentions this campaign to create a ‘kangsungdaeguk’ by the year 2012. An article run on December 25th by the Workers’ Party of Korea (WPK) mouthpiece, Rodong Sinmun, reported that Kim, “called on the entire party and army and all the people to bring about a new revolutionary surge with the conviction of sure victory and indomitable spirit and thus fling open the gate of a great prosperous powerful nation by 2012.”

Yonhap News ("N. KOREA HOLDS LATEST LOTTERY FOR GOV'T BOND REPAYMENT", Seoul, 2009/12/26) reported that the latest drawings for payouts of the DPRK's government bonds have

taken place in Pyongyang, the country's state-run television broadcaster said. The Korean Central TV, monitored in Seoul, reported that the latest winners of the "People's Life Bonds" were announced this week. The sixth round of drawings took place in January 2008, with thirteen 5000-won bond holders declared winners, as well as eight 1000-won bond holders and 10 holders of 500-won bonds. For this week's event, seven winners were drawn for each denomination, the TV report said.

Yonhap (Kim Hyun, "N. KOREA REPORTS BRISK WORK IN AGRICULTURE, ENERGY INDUSTRY", Seoul, 2009/01/02) reported that DPRK media on Friday reported brisk work in its agriculture and energy industry. "The heat wave of a production increase" swept through Pyongyang Thermal Power Complex, the DPRK's first thermal energy plant, to "achieve the energy production plan for the first day of the New Year by 110 percent," the Korean Central Broadcasting Station said. The television station also reported workers fixing irrigation ditches and blasting a mountain to create a mine in response to the New Year message.

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10. US-ROK Relations

Yonhap ("LEE, OBAMA MEETING LIKELY AT APRIL G-20: MINISTER", Seoul, 2009/01/02) reported that ROK President Lee Myung-bak is expected to hold his first meeting with incoming U.S. President Barack Obama in London in early April on the sidelines of the G-20 economic summit, Seoul's foreign minister Yu Myung-hwan said Friday. "We need to consult with the U.S. on the issue, but President-elect Obama will likely focus on domestic issues, including the economic crisis, rather than foreign affairs once he takes office," told reporters.

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11. ROK Energy Supply

Bloomberg News (Shinhye Kang, "SOUTH KOREA TO SPEND $28 BILLION ON NEW POWER PLANTS", 2009/12/28) reported that the ROK plans to spend 37 trillion won ($28.5 billion) building more nuclear and gas-fired power plants by 2022 to reduce its dependence on oil and meet rising demand for energy. The country will build 12 more nuclear-powered plants, seven coal-fired plants and 11 fueled by liquefied natural gas by 2022, the Ministry of Knowledge Economy said in a statement today. The projects are part of a government power supply-and-demand plan that outlines investment for the next 15 years.

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12. ROK-EU Trade Relations

Korea Times (Jung Sung-ki, "KOREA AIMS TO SIGN FTA WITH EU BY MARCH", 2009/01/01) reported that the government will make efforts to sign a free trade agreement (FTA) with the European Union (EU) by March to be put into effect from 2010, the Ministry of Foreign Affairs and Trade said. The plan is part of the ministry's ``multi-track'' FTA policy to help revive the nation's economy. In a briefing to President Lee Myung-bak on its policy goals for next near, the ministry

also said it would strive to seal FTAs with Australia, Peru and New Zealand by the first half of this year, and with Canada, Turkey, Colombia and the Gulf Cooperation Council by the end of 2009.

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13. ROK-Japan Territorial Dispute

DongA Ilbo ("JAPAN CIRCULATING NEW PAMPHLET ON DOKDO CLAIM", 2008/12/29) reported that Japan's Foreign Ministry is distributing a pamphlet in 10 languages claiming the Dokdo islets through its diplomatic and consular offices. Japan's top daily Yomiuri Shimbun said that the ministry in February last year distributed 23,500 copies of the pamphlet "Ten Issues of Takeshima" in English, Korean and Japanese. The 14-page leaflet shows Japan's position on the sovereignty of Dokdo, which Japan calls Takeshima.

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14. Japan SDF Anti-Piracy Operations

The Asahi Shimbun ("ASO SEEKS MSDF DISPATCH OFF SOMALIA", 2008/12/27) reported that Prime Minister Taro Aso pressed for ways to swiftly dispatch Maritime Self-Defense Force vessels to thwart pirates off Somalia, but he faced reluctance from his coalition partner and even his defense chief. "I have instructed the defense minister to further accelerate discussions on how to allow the SDF to quickly participate in counter-piracy measures," Aso told a Cabinet meeting Friday.

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15. Japan Politics

The Yomiuri Shimbun ("LDP'S KATO, YAMASAKI EYE NEW PARTY", 2008/12/30) reported that with an eye to forming a new party ahead of an expected House of Representatives election, former Liberal Democratic Party Secretary General Koichi Kato, former LDP Vice President Taku Yamasaki and other members plan to establish a new study group as early as next month, according to sources. Meanwhile, some junior and middle-ranking LDP lawmakers, who have expressed concern over the government's handling of a plan to allocate road-related tax revenues for general purposes, are reportedly considering defying the LDP line on the voting of related bills.

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16. Cross Strait Relations

Reuters (Lucy Hornby, "CHINA URGES TAIWAN'S DPP TO DITCH INDEPENDENCE BID", Beijing, 2009/01/01) reported that PRC President Hu Jintao for the first time appealed directly to Taiwan's opposition party to give up its stance for independence and offered an olive branch to Taiwanese seeking representation in international bodies. Hu called on Wednesday for a pragmatic approach to the political relationship to ease concerns over tension across the Taiwan strait. "As long as the 'one China' principle is recognized by both sides ... we can discuss anything," Hu said.

The Wall Street Journal ("TAIWAN SEEKS BANKING PACT WITH CHINA", 2008/12/29) reported that Taiwan's government expects negotiations with Beijing to enable as many as a dozen Taiwanese banks to begin operating next year in the PRC, offering a new but potentially risky opportunity for one of Asia's largest banking sectors, the island's chief financial regulator said in an interview. Sean Chen, chairman of Taiwan's Financial Supervisory Commission, said on Monday that talks with the PRC are proceeding toward an expected agreement sometime in the first half of 2009 on liberalizing banking ties between the two long-time rivals.

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17. Sino-Russian Relations

The Associated Press ("CHINA, RUSSIA TOP BRASS HOLD FIRST HOT LINE CHAT", Beijing, 2008/12/29) reported that top brass from the PRC and Russian armies hailed closer ties in their first-ever conversation over a newly installed military hot line, state media reported. The PRC's People's Liberation Army chief Chen Bingde called the hot line a sign of pragmatic cooperation and growing political trust. Chen's Russian counterpart, Nikolay Makarov, said the link would promote regular communication on military matters.

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18. Sino-US Relations

Bloomberg News ("CRACKS IN U.S.-CHINA RELATIONS ARE WIDENING AGAIN IN CRISIS", 2008/12/28) reported that the global recession is re-exposing fissures in US-PRC relations that Treasury Secretary Henry M. Paulson Jr. spent more than two years smoothing over. H eightened tensions between the PRC and the United States may worsen a contraction in world trade that already threatens to deepen and prolong the economic downturn. The friction comes as President-elect Barack Obama readies a two-year stimulus package worth as much as $850 billion that will require the US to borrow more than ever from the PRC, the largest buyer of Treasury securities.

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19. Sino-Vietnamese Territorial Dispute

BBC News ("CHINA AND VIETNAM AGREE BORDERS", 2008/12/31) reported that the PRC and Vietnam have resolved a border dispute 30 years after a war which left tens of thousands dead. The two countries announced they had completed the demarcation just hours before a midnight deadline. The PRC and Vietnam both hailed the agreement, but neither mentioned any progress on a separate maritime row. "The completion of the land border demarcation between China and Vietnam will promote the development of the China-Vietnam strategic partnership," said PRC Deputy Foreign Minister Wu Dawei.

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20. PRC Military

The Asahi Shimbun (Kenji Minemura, "CHINA TO START CONSTRUCTION OF 1ST AIRCRAFT CARRIERS NEXT YEAR", 2008/12/31) reported that the PRC will begin construction of the country's first domestically produced aircraft carriers in Shanghai next year, with an eye to completing two mid-sized carriers by 2015, military and shipbuilding sources said. Beijing is also expected to complete work on a never-finished former Soviet aircraft carrier moored in the northeastern port of Dalian, to provide training for carrier-based pilots and crew. The two 50,000- to 60,000-ton carriers will rely on conventional propulsion systems, not nuclear power. They will be assigned to the People's Liberation Army Navy south sea fleet, tasked with patrolling the South China Sea, sources said.

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21. PRC Energy Supply

BBC News ("FIRMS TO PIPE BURMA GAS TO CHINA ", 2009/12/29) reported that Burma's military government has signed a deal with a consortium of four foreign firms to pipe natural gas into neighbouring PRC, state media report. The firms - from the ROK and India - will pipe the gas from fields off Burma's north-western coast. The deal was signed in a ceremony in Rangoon on 24 December, the New Light of Myanmar state newspaper reported.

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22. PRC Transparency

Xinhau Net (Hu Yinan , "MORE PARTY ORGANS OPEN TO MEDIA", 2008/12/31) reported that press offices have been set up and spokespersons have been selected and trained for seven of the Communist Party of China's (CPC) core bodies, State Council Information Office (SCIO) Minister Wang Chen told a news briefing. The latest moves are in line with increasing transparency in government and a more open environment for the media, Wang said. Leaders from more top Party organs are also scheduled to meet the press next year, he said.

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23. PRC Environment

The Wall Street Journal (Shai Oster, "CHINA SLOWS WATER PROJECT", 2008/12/31) reported that the PRC is delaying part of its plan to divert billions of tons of water to its parched north, amid concerns that the massive project could cause previously unexpected environmental damage. The project is designed to move water from the PRC's central and southern regions up to the arid northern provinces -- in some cases hundreds of kilometers away along three man-made channels. Critics, mostly scientists and environmentalists, have continued to voice opposition to the project, fearing it will waste tens of billions of dollars and damage the environment while offering only a temporary fix. During 2008, local governments joined in the criticism.

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24. PRC Poverty Alleviation

Xinhua News ("CHINA RAISES POVERTY STANDARDS, 28 MLN RURAL RESIDENTS TO BENEFIT", Beijing, 2008/12/27) reported that the PRC government said it would expand coverage of its anti-poverty program in rural areas next year to include an additional 28.41 million residents. Fan Xiaojian, director of the Office for Poverty Alleviation and Development under the State Council, said rural residents with an annual per capita income of less than 1067 yuan (156 U.S. dollars) would begin to be covered in the country's poverty-relief program next year.

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